

**A Preliminary Resolution of the Common Council of the City of Evansville
Declaring an Economic Revitalization Area for Property Tax Phase-In for
The Construction of Real Property**

HK Partners, LLC

Whereas, HK Partners, LLC (the "Applicant") has submitted a Statement of Benefits and made application for Economic Revitalization Area designation pursuant to IC 6-1.1-12.1 et seq. and Evansville Common Council Resolution C-2002-3 as Amended (the "Tax Phase-In Resolution") for the property located at **5011 Washington Avenue**, Evansville, Indiana; and

Whereas, said property meets the criteria for designation as an Economic Revitalization Area pursuant to IC 6-1.1-12.1- et seq;

NOW THEREFORE, BE IT RESOLVED by the Common Council of the City of Evansville as follows:

Section 1. The Common Council has reviewed the Statement of Benefits and additional information submitted pursuant to I.C. 6-1.1-12.1 and Common Council Resolution C-2002-3 as Amended and made the following findings:

- a. The estimate of the value for the construction of real property by the Applicant is reasonable for projects of that type; and
- b. The estimate of the number of individuals who will be employed or whose employment will be retained by the project can be reasonably expected to result from the proposed construction of real property; and
- c. The estimate of the annual salaries of those individuals who will be employed or whose employment will be retained by this project can reasonably be expected to result from the proposed construction of real property; and
- d. The totality of benefits likely to accrue from this project is sufficient to justify a tax deduction.
- e. The property known as: 5011 Washington Avenue Evansville, IN. and more particularly described as follows:

82-06-36-017-134.008-027

has been found to meet the requirements of an Economic Revitalization Area pursuant to IC 6-1.1-12.1.

Section 2. Based on these findings, the Common Council has determined that the purposes of I.C. 6-1.1-12.1 are served by allowing the deduction and the property described in Section 1.e. (above) is hereby declared to be an Economic Revitalization Area.

FILED

AUG 06 2014

Anna Winkler
CITY CLERK

Section 3. The designation of this Economic Revitalization Areas shall apply to property tax deductions for “real property” and “personal property” as provided in IC 6-1.1-12.1-4.5 and IC 6-1.1-12.1-3.

Section 4. The designation of this Economic Revitalization Area shall be in effect up to and including 2023.

Section 5. The length of deduction to be allowed for this project for “real property” shall be for 7 years for Real Property as described on their SB-1 (and attached hereto) based on the scheduled provided – Real Property based per schedule on Attachment 1.

Section 6. Benefits provided by this Preliminary Resolution shall accrue and be valid for any investment made prior to the passage of this resolution, but not before August 1, 2014, as provided by the SB-1 attached hereto.

Section 7. This Resolution shall be in full force and effect from and after its passage by the Common Council, signing by the Mayor, and advertisements, if any, as required by law.

Attachment 1

Real Property Schedule

Resolution C-2014-21

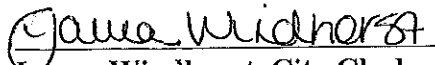
HK Partners, LLC

Year	Abatement
1	100%
2	85%
3	71%
4	57%
5	43%
6	29%
7	14%

PASSED BY the Common Council of the City of Evansville, Indiana, on the 25 day of August, 2014, on said day signed by the President of the Common Council and attested by the City Clerk.

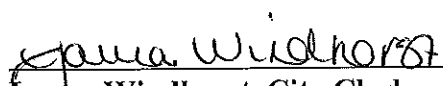


President of the Common Council, John Friend

ATTEST: 

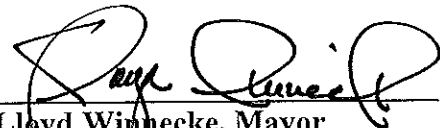
Laura Windhorst, City Clerk

Presented by me, the undersigned City Clerk of the City of Evansville, Indiana, to the Mayor of said city, this 26 day of August, 2014, for his consideration and action thereon.



Laura Windhorst, City Clerk
City of Evansville, Indiana

Having examined the foregoing resolution, I do now, as Mayor of the City of Evansville, Indiana, approve said resolution and return the same to the City Clerk this 26th day of September, 2014.



Lloyd Winnecke, Mayor
City of Evansville, Indiana

APPROVED AS TO FORM
BY TED ZIEMER, CORPORATION COUNSEL

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement (the "Agreement") dated as of the ____ day of _____, 2014, serves as confirmation of the commitments of **HK Partners, LLC** (the "Applicant"), pending a public hearing on _____, 2014 before the Evansville City Council, to comply with the project description contained in its Application for Economic Revitalization Area Designation and Phase-In of Property Tax on Real Property Construction, an Economic Development Incentive offered by the City of Evansville for said property improvements, Statement of Benefits, the Preliminary Economic Revitalization Area Resolution No. C-2014-21 adopted by the Evansville City Council (the "ECC") on _____, the Resolution in Support of Economic Development Incentives No. C-2014-21 adopted by the ECC on _____ and this Agreement (the "Commitments").

Subject to the adoption of the Final Economic Revitalization Area Resolution by the ECC, the City of Evansville, Indiana (the "City") commits to providing seven (7) years Real Property Tax Phase-In for the Applicant's construction of real property at its planned facility at 5011 Washington Avenue, Evansville, Indiana. During the seven (7) year phase-in period, the City may annually request information from the Applicant concerning the nature of the Project. The City shall utilize this information and the information required to be filed by the Applicant in the CF-1 Compliance with the Statement of Benefits form (the "CF-1 Form") to verify that the Applicant has complied with its obligations as contained in the Commitments at all times after the Commitment Date and for the duration of the Phase-In. The Applicant further agrees to provide the City with such additional information reasonably requested by the City related to the information provided in the CF-1 Form within a reasonable time following any such additional written request. If at any time during the term of this Agreement, the Applicant fails to submit

the required CF-1 Form within a reasonable time following the City's written request, the City may terminate the subject Economic Revitalization Area Designation and/or require the applicant to pay damages equal to the amount of tax phase-in savings of the Applicant received during the year of non-submittal; provided, that Applicant shall have thirty (30) days following receipt of written notice from the City of such failure to cure any such failure.

The City, reserves the right to terminate the Economic Revitalization Area Designation and associated property tax phase-in deductions if: (1) Applicant fails or refuses to provide information requested in the CF-1 Form, subject to the cure period described above; or (2) the City reasonably determines that the Applicant has not substantially complied with all of the Commitments, and that the Applicant's failure to substantially comply with the Commitments was not due to factors beyond its control. As used in this Agreement, factors beyond the control of the Applicant shall only include factors not reasonably foreseeable at the time of the Application and submission of Statement of Benefits and which are not caused by any intentional act or omission of the Applicant and which materially and adversely affect the ability of the Applicant to substantially comply with the Commitments.

If at any time during the term of this Agreement, the Applicant shall: (i) cease operations at the facility for which the tax phase-in was granted for the purpose of moving operations and related jobs to another community not within the City; or (ii) announce the cessation of operations at such facility, for the purpose of moving operations and related jobs to another community not within the City, then the City may immediately terminate the Economic Revitalization Area Designation and associated tax phase-in deductions, and upon such termination, require Applicant to pay liquidated damages equal to the amount of all the savings received through the date of such termination. The parties agree and stipulate that this liquidated damages clause is a reasonable pre-estimate of probable, actual damages sustained by the City

and not a penalty, and the Applicant waives any right to challenge this provision as an unenforceable penalty. In determining the amount of the savings that the City may require the Applicant to pay as liquidated damages as described in this paragraph, the City shall use its best efforts to determine and take into consideration, as an offset to such liquidated damages, the benefit received by the City as a result, and to the extent, of the Applicant's compliance with its obligations contained in the Commitments through the date of such termination. For example, if in the unlikely event that the Applicant ceases operations at the facility at the end of year 7 and the City determines that the Applicant received 10% more in tax savings than the benefits the City estimates it received by virtue of the Applicant having complied with Commitments until such date, then the liquidated damages the Applicant may have to pay would be equal to such 10%.

In the event that the City determines, in accordance with the terms hereof, that the Economic Revitalization Area Designation and associated tax phase-in deductions should be terminated or that liquidated damages equal to the amount determined above should be paid, it will give the Applicant written notice of such determination, including a written statement calculating the amount due from the Applicant, and will provide the Applicant with an opportunity to meet with the City's designated representatives to show cause why the phase-in should not be terminated and/or the liquidated damages be paid. Such notice shall state the names of the person with whom the Applicant may meet and will provide that the Applicant shall have thirty (30) days from the date of such notice to arrange such meeting and to provide its evidence concerning why the phase-in termination and/or liquidated damages payment should not occur. If, after giving such notice and receiving such evidence, if any, the City determines that the phase-in termination action is proper, the Applicant shall be provided with written notice and Applicant shall be entitled to present its case at a hearing before the ECC before any final

action shall be taken terminating the phase-in. If the ECC adopts a resolution terminating the tax phase-in, the Applicant shall be entitled to appeal that determination to a Vanderburgh County Superior or Circuit Court.

In the event the City requires liquidated damages to be paid as provided hereunder, it shall provide Applicant with a written statement calculating the amount due (the "Statement"), and Applicant shall make such payment to the City within thirty (30) days after the later of (i) the date the Statement is received by the Applicant and (ii) the date of the final, non-appealable determination the Applicant is obligated to make such payment to the City. If the Applicant does not make timely payment, the City shall be entitled to all reasonable costs and attorneys fees incurred in the enforcement and collection of the liquidated damages required to be repaid hereunder.

In the event, the This Agreement contains the entire understanding between the City and the Applicant with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements, and conditions, expressed or implied, oral or written, except as herein contained. This Agreement may not be modified or amended other than by an agreement in writing signed by the City and the Applicant. The Applicant understands that any and all filings required to be made or actions required to be taken to initiate or maintain the phase-in are solely the responsibility of the Applicant.

Neither the failure nor any delay on the part of either party hereto to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege with respect to any occurrence or be construed as a waiver of such right, remedy, power or privilege with respect to

any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

This Agreement and all questions relating to its validity, interpretation, performance, and enforcement shall be governed by the laws and decisions of the courts of the State of Indiana.

The Applicant hereby irrevocably consents to the jurisdiction of the Courts of the State of Indiana and of the Vanderburgh County Circuit or Superior Court in connection with any action or proceeding arising out of or relating to this Agreement or any documents or instruments delivered with respect to any of the obligations hereunder, and any action related to this Agreement shall be brought in such County and in such Court.

All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been received when delivered by hand or by facsimile (with confirmation by registered or certified mail) or on the third business day following the mailing, by registered or certified mail, postage prepaid, return receipt requested, thereof, addressed as set forth below:

If to Applicant: HK Partners, LLC
5011 Washington Ave, Suite 1
Evansville, IN. 47715

If to the City: City of Evansville
City Clerk
306 Civic Center Complex
One N.W. Martin Luther King, Jr. Blvd.
Evansville, Indiana 47708

This Agreement shall be binding upon and inure to the benefit of the City and the Applicant and their successors and assigns, except that no party may assign or transfer its rights or obligations under this Agreement without the prior written consent of the other party hereto, in which consent shall not be unreasonably be withheld.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. By executing this Agreement, each person so executing affirms that he has been duly authorized to execute this Agreement on behalf of such party and that this Agreement constitutes a valid and binding obligation of the party.

The provisions of this Agreement and of each section or other subdivision herein are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part unless this Agreement is rendered totally unenforceable thereby.

No official, director, officer, employee or agent of the City shall be charged personally by the Applicant, its employees or agents with any liabilities or expenses of defense or be held personally liable to the Applicant under any term or provision of this Agreement or because of the execution by such party of this Agreement or because of any default by such party hereunder.

No director, officer, employee or agent of the Applicant shall be charged personally by the City, its officials, employees or agents with any liabilities or expenses of defense or be held personally liable to the City under any term or provision of this Agreement or because of the execution by such party of this Agreement or because of any default by such party hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day
and year first above written.

“Applicant”
HK Partners, LLC
and its Subsidiaries

“City”
City of Evansville

By: _____, _____

By: Lloyd Winnecke, Mayor

Approved as to legal form
and adequacy this _____
day of _____, 2014.

Ted C. Ziemer, Jr.
Corporation Counsel



Application for Economic Revitalization Area Designation

General Information			
Name of Taxpayer Seeking Phase-In	HK Partners, LLC		
Street Address of Taxpayer	5011 Washington Avenue Suite 1		
City, State, Zip	Evansville, Indiana 47715		
Name of Authorized Representative	Gene Hahn		
Street Address of Authorized Representative	5011 Washington Avenue Suite 1		
City, State, Zip	Evansville, Indiana 47715		
Phone and Fax	PH 812-477-6980 FAX 812-471-3027		
Proposed Project Information			
Address of Property	5011 Washington Avenue	Tax Code(s) for Property	82-06-36-017-134.001-027 & 82-
Size of Property (sf)	1,655,280 (38 Acres)	NAICS Code	
City, State, Zip	Evansville, IN 47715	Current Zoning	C-4
Township	Knight	TIF District	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Legal Description of Property	NW, NW Lot3, 36-6-10 PT NW, NW 36-6-10		
Provide a brief description of the applicant's business, including company history, products(s), facilities, sales and corporate growth, and corporate employment. Also discuss any applicable future growth, planned expansions, and/or corporate diversification, where applicable. (You may attach it as "Company Profile")			
Washington Square was built in 1962 as Indiana's first enclosed mall. In the early 1980's it was expanded to include an L.S. Ayers store on the south end. This building will be removed to make room for the Schnucks Grocery store. The present plan includes refacing the mall that fronts Green River Road and adding a 70,000 SQ. FT. Schnucks Grocery store on the south end. H.K. Partners employs 14 people and the mall employs about 450 people. We will be adding about 10 stores to the mall at a total cost of \$12,000,000.00			
Project Overview			
Provide a Detailed Description of the Proposed Project (including how the Subject Property will be used, physical changes made to the property)	The front of Washington Square Mall facing Green River Road will have a total new face with a modern new look. All the stores along the front will have entrances facing Green River Rd. Also, there will be new and upgraded entrance for the inside stores. New stores will be added throughout the mall and existing stores upgraded.		
*Will the Project Require Additional Municipal Services or Facilities?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
*If yes please state need			

Employment/Benefit Information

Project Cost Estimate

	Current Year	Year 1	Year 2	Year 3	Year 4	Year 5
Purchase of real estate and improvements	2014					
Site preparation		800,000				
Demolition		400,000				
Construction of new structures		7,000,000				
Rehabilitation of existing structures		2,900,000				
Infrastructure improvements		1,000,000				
Architecture & engineering fees		300,000				
Development fees		100,000				
Total cost of manufacturing and research & development equipment – new to Indiana		-0-				
Total project cost for real estate component of project		12,500,000				
Has this new equipment ever been installed and in use elsewhere in the state of Indiana?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Date new manufacturing/research & development equipment is to be installed?			

Calendar Year	Number of Current Full-Time Permanent Employees at Project	Hourly/Average Wage W/O Fringe Benefits/Bonuses	New Full-Time Permanent Employees at Project	Number of Part-Time Employees	
3 Years Ago	450	10.50	-	70	
2 Years Ago	390	10.50	-	70	
1 Year Ago	380	11.00	-	70	
Now 2014	380	12.50	-	70	
2012-15	380	12.50	-	70	
2013-16	380	12.50	-	70	
2014-17	380	13.00	-	70	
2015-18	540	14.50	-	110	
If Tax Phase-In were not granted, how many current jobs would be lost or jeopardized? If any, please attach a supporting explanation (attach as "Potential Job Loss")		About 140 full-time employees and about 40-60 part-time employees would be without jobs.			
Identify the type(s) of work or position(s) of the new employees.	Sales and management	Employees' Educational Requirements (Percentage of new hires)			
		High School Diploma	2 yr Degree/Certificate	4 yr Degree	>4 yr Degree
		100	30	10	
Identify the company benefits offered to employees.	Each store offers individual packages to include vacations, sick days, flexible hours, and health insurance.				
What is the value of these benefits (as a percentage of base pay)?	About 25-35%	Does the taxpayer have an affirmative action plan?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

*→ connections by OOSevery; verified w/ applicant by email
Growth Alliance*

Contribution of Company

In what ways has the company contributed to the improvement of the neighborhood or surrounding area, or participated in community activities or programs?

We provide about 20 charity events in the mall each year to include such things as Santa Clothes Club and various church organizations. Holy Rosary uses our parking lot each year to assist in their festival. We provide space in the mall for voting at no charge and we are the most used voting center in Vanderburgh County.

Is it your intent to use your best efforts to hire local contractors for the building and/or installation of equipment?



Yes



No

*Please attach any additional information that you feel will assist in evaluated this request for property tax phase-in.



Click "Sign" to fill out and sign this form. When you are done, you can save a copy by clicking "Done Signing".

I understand that if tax phase-in is granted for this project, that the Applicant will be required to submit a "Compliance With Statement of Benefits" form annually; and

It is my further understanding that if the Applicant should fail to comply with its commitments in job creation, job retention, project investment and/or any other commitments associated with its tax phase-in application, that the designating body has the right, after conducting a public hearing, to terminate said tax phase-in deductions.

I hereby affirm and certify that the information and representations of fact made in this application are true and complete.

Signature: _____

Title: Owner

Date: 6/18/14

For this application to be complete, it must be accompanied by a signed "Statement of Benefits" (State Form 27167) and a check for the appropriate application fee. The check should be made payable to the Growth Alliance for Greater Evansville (GAGE).

Application Fees:

Real Estate Improvements	\$500.00
New Manufacturing or Research & Development Equipment	\$250.00

Application Fee Submitted: _____

Growth Alliance for Greater Evansville
812.401.4243
Email: info@EvansvilleGAGE.com
www.EvansvilleGAGE.com

Update: Thursday, April 25, 2013

City of Evansville / Vanderburgh County Tax Phase-In Application Scoring

-Real Property-

Company Name:
HK Partners LLC –
Washington Square Mall

Application Date: 6/18/14

		Points Granted
Investment– (5 points maximum)		
Less than \$1 Million	1 point	4
\$1 Million to \$5 Million	2 points	
\$5,000,001 to \$10 Million	3 points	
\$10,000,001 to \$15 Million	4 points	
\$15 Million +	5 points	
Full-Time employment added or retained (based on project) in 5 years (5 points maximum)		
5 to 20 employees	1 point	5
21 to 40 employees	2 points	
41 to 60 employees	3 points	
61 to 80 employees	4 points	
81 employees +	5 points	
Wage level (5 points maximum)		
Less Than Vanderburgh Co. average wage	1 point	1
≤ 5% Vanderburgh Co. average wage	2 points	
5%-10% Vanderburgh Co. average wage	3 points	
10% - 20% Vanderburgh Co. average wage	4 points	
≥ 20% Vanderburgh Co. average wage	5 points	
<i>The average county wage for 2012 is \$18.08/hr (\$36,606/year) for Vanderburgh County, as determined by the Indiana Department Workforce Development.</i>		
Benefits Package (Ins./Retirement/paid time off/tuition reimbursement) (5 points maximum)		
0% - 3%	1 point	5
4% - 7%	2 points	
8% - 11%	3 points	
12% - 14%	4 points	
15% +	5 points	
Value of benefits is equal to or greater than base pay.		
Use reuse, rehabilitation and/or expansion of an existing facility. (2 points maximum)		2
Targeted Business (1 point maximum)		
Percent of employment that requires at least a 2 yr degree or professional certificate (2 points maximum)		
50%-75%	1 point	
75%+	2 points	

Total Points: 17

Scoring

<u>Score</u>	<u>Max. Length of Deduction</u>
N/A	1 year
N/A	2 years
2-0	3 years
3-4	4 years
5-7	5 years
8-10	6 years
11-13	7 years
14-16	8 years
17-19	9 years
20+	10 years

Grand Total of Points: 17

Number of Years: 9



STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51767 (R5 / 12-13)

Prescribed by the Department of Local Government Finance

20 ____ PAY 20 ____

FORM SB-1 / Real Property

PRIVACY NOTICE

Any information concerning the cost of the property and specific salaries paid to individual employees by the property owner is confidential per IC 6-1.1-12.1-5.1.

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- ☐ Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
☐ Residentially distressed area (IC 6-1.1-12.1-4.1)

INSTRUCTIONS:

1. This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise, this statement must be submitted to the designating body **BEFORE** the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction.
2. The statement of benefits form must be submitted to the designating body and the area designated an economic revitalization area before the initiation of the redevelopment or rehabilitation for which the person desires to claim a deduction.
3. To obtain a deduction, a Form 322/RE must be filed with the County Auditor before May 10 in the year in which the addition to assessed valuation is made or not later than thirty (30) days after the assessment notice is mailed to the property owner if it was mailed after April 10. A property owner who failed to file a deduction application within the prescribed deadline may file an application between March 1 and May 10 of a subsequent year.
4. A property owner who files for the deduction must provide the County Auditor and designating body with a Form CF-1/Real Property. The Form CF-1/Real Property should be attached to the Form 322/RE when the deduction is first claimed and then updated annually for each year the deduction is applicable. IC 6-1.1-12.1-5.1(b)
5. For a Form SB-1/Real Property that is approved after June 30, 2013, the designating body is required to establish an abatement schedule for each deduction allowed. For a Form SB-1/Real Property that is approved prior to July 1, 2013, the abatement schedule approved by the designating body remains in effect. IC 6-1.1-12.1-17

SECTION 1		TAXPAYER INFORMATION			
Name of taxpayer HK Partners LLC					
Address of taxpayer (number and street, city, state, and ZIP code) 5011 Washington Ave, Evansville, IN 47715					
Name of contact person Gene Hahn		Telephone number (812) 477-6980		E-mail address GeneJanHahn@aol.com	
SECTION 2		LOCATION AND DESCRIPTION OF PROPOSED PROJECT			
Name of designating body Washington Square Mall		Resolution number			
Location of property 4801-5011 Washington Ave		County Vanderburgh		DLGF taxing district number	
Description of real property improvements, redevelopment, or rehabilitation (use additional sheets if necessary) Demolition of 130,000 sq. ft. building on south end of mall along with the south 20 feet of the mall. Build a new 70,000 Sq. Ft. Schnuck's grocery and reface the west side of mall.		Estimated start date (month, day, year) 10/01/2014		Estimated completion date (month, day, year) 08/01/2015	
SECTION 3		ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT			
Current number 380.00	Salaries \$30,000 - \$110,000/YR	Number retained 380.00	Salaries \$30,000 - \$110,000/YR	Number additional 160.00	Salaries \$30,000 - \$110,000/YR
SECTION 4		ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT			
		REAL ESTATE IMPROVEMENTS			
		COST		ASSESSED VALUE	
Current values		9,000,000.00		4,450,400.00	
Plus estimated values of proposed project		12,200,000.00		12,200,000.00	
Less values of any property being replaced		1,800,000.00			
Net estimated values upon completion of project		19,400,000.00			
SECTION 5		WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER			
Estimated solid waste converted (pounds) _____		Estimated hazardous waste converted (pounds) _____			
Other benefits Washington Square Mall has been a stable since 1962 with Sears always being there and they have lease rights until 2030. Schnuck's new grocery at the south end and the refacing of the west side of the mall will give the south end of Green River Rd a much needed facelift. The mall also serves as a public service for many organizations to include the library book sale, a place to vote, the Santa Clothes Club, plus many civic organizations.					
SECTION 6		TAXPAYER CERTIFICATION			
I hereby certify that the representations in this statement are true.					
Signature of authorized representative Gene Hahn				Date signed (month, day, year) 8-5-14	
Printed name of authorized representative GENE A. HAHN				Title MANAGING PARTNER	

FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this Economic Revitalization Area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1, provides for the following limitations:

A. The designated area has been limited to a period of time not to exceed _____ calendar years * (see below). The date this designation expires is _____.

B. The type of deduction that is allowed in the designated area is limited to:

- | | | |
|--|------------------------------|-----------------------------|
| 1. Redevelopment or rehabilitation of real estate improvements | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Residentially distressed areas | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Occupancy of a vacant building | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

C. The amount of the deduction applicable is limited to \$ _____.

D. Other limitations or conditions (specify) _____

E. The deduction is allowed for _____ years* (see below).

We have also reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved (signature and title of authorized member of designating body)	Telephone number	Date signed (month, day, year)
Attested by (signature and title of attester)	Designated body	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.12-12.1-4.

A. For residentially distressed areas, the deduction period may not exceed five (5) years.

B. For redevelopment and rehabilitation or real estate improvements:

1. If the Economic Revitalization Area was designated prior to July 1, 2000, the deduction period is limited to three (3), six (6), or ten (10) years.
2. If the Economic Revitalization Area was designated after June 20, 2000, the deduction period may not exceed ten (10) years.

C. For vacant buildings, the deduction period may not exceed two (2) years.



To: Common Council of the City of Evansville

Re: Washington Square Mall (WSM) Renovation and Modernization
Redevelopment of Obsolete Commercial Corridor

Honorable Council Members,

This package includes supporting documentation for a recommended 7 year tax phase-in on new real estate investment to redevelop the South Green River Road Commercial Corridor, specifically Washington Square Mall, including construction of a new 70,000 SF grocery store.

Attached, please find:

- Project Summary
- Preliminary Resolution C-2014-21
- Draft Memorandum of Agreement
- Application for Incentives
- Scoring Form
- SB-1 Form Submittal

Please contact me if you have any questions not answered by the documents submitted.

Regards,

Deborah D. Dewey
President
Growth Alliance for Greater Evansville

FILED

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Anna Winkler
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Project: **Washington Square Mall (WSM) Renovation and Modernization
Redevelopment of Obsolete Commercial Corridor**

For Consideration: The South Green River Road Commercial Corridor is in need of new investment for renovation and modernization to return it to an attractive and viable corridor for retail/commercial business growth.

During the 4th quarter of 2013, we received an application for incentives from Midland Atlantic to support their plans to give WSM a facelift and build a new, bigger Schnucks grocery. Midland had a portfolio of successful commercial center renovations similar to that proposed for WSM. They had an economic model for the proposed project which had specifications for economic development incentives, mall purchase price, construction costs, and lease rates that were required for them to justify the investment. They requested TIF, significant abatements, etc. that we did not feel we could justify to elected officials for a commercial/retail project. Furthermore, other elements of their economic model could not be met. Midland did not proceed.

The experience with Midland appears to indicate that private investment to redevelop this commercial corridor cannot be justified without some public incentive.

Another application for incentives has been received from HK Partners, LLC for a similar project scope. WSM owner, Gene Hahn, is one of the partners in HK. They propose to **invest \$12.5 million**.

- The front of the mall facing Green River Road will have a total new façade with a new, modern look. All stores along that front will have entrances facing Green River Road.
- There will be a new and upgraded entrance for the internal stores.
- New store spaces within the mall will be added and existing store spaces will be upgraded.
- The structure on the South end of the mall that was formerly L.S. Ayers will be demolished; in its place a new, 70,000 SF Schnucks Grocery will be constructed.

Employment levels by tenants of the mall have declined over the past three years to a total of 380 full-time paid an average wage rate of \$12.50/hr plus benefits, and 70 part-time positions.

- With the proposed project, full-time employment levels are forecasted to rise to a total of 540 by 2018, with an average wage rate of \$14.50/hr plus benefits. Part-time employment levels are forecasted to rise to a total of 110.

- HK partners, LLC has estimated that without the investment to upgrade the mall, employment will continue to decline, losing an estimated 140 full-time and 50 part-time jobs.

The positive economic impact of the real estate investment and only the new, fulltime jobs added over the next 4 years would be approximately \$11.4 million per year. Part time jobs were not considered in this impact assessment.

The negative economic impact of the fulltime jobs that are forecasted to be lost without the investment is approximately \$11.9 million per year. Part time jobs were not considered in this impact assessment.

**Proposed
Incentive Offer:**

We would not traditionally recommend an incentive for a commercial/retail project as it would not pass the "but for" test; i.e. "but for" the incentives, the project would not proceed. This project is different in that we have evidence that "but for" some public incentive, redevelopment of the South Green River Road commercial corridor will not proceed. Reference the Midland Atlantic project described earlier in this summary.

There is evidence that private investment to develop new, green field commercial buildings can often provide investors a greater return than renovation of older, existing buildings. However, redevelopment of existing commercial corridors instead of building new, green field commercial spaces supports the recommendations of the SEAC report for a sustainable community. We are finding that a public incentive to support redevelopment can level the playing field and drive the desired redevelopment.

The scoring criteria used for evaluation (attached) supports an offer of a 9 year phase-in on taxes associated with the new investment and jobs. However, since this is a retail/commercial project and forecasted wage rates for the retail jobs are below the current county average, the proposal is to offer a 7 year tax phase-in on incremental real estate taxes associated with the investment. The value of the tax abatement to HK over the abatement period would be approximately \$1.09 million. The basis for the recommendation is sparking redevelopment of an outdated commercial corridor to promote additional private investment, improving quality of place, and supporting sustainability.

As with other projects, it is proposed that a **Memorandum of Understanding (MOU)** be executed that allows the option for "claw back" in the event operations that support the new jobs forecasted are shutdown to move to another community.

Summary Prepared 8/6/14 by:

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